

Message Text

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AMCONSUL BOMBAY

UNCLAS NEW DELHI 2302

E.O. 11652: N/A

TAGS: BGEN, BDIS, IN

SUBJECT: REQUEST FOR ASSISTANCE: INTERNATIONAL POWER SEMICONDUCTORS PRIVATE LIMITED BOMBAY

1. THE EMBASSY HAS BEEN APPROACHED BY K.L. RAO A MEMBER OF THE INDIAN PARLIAMENT AND A FORMER GOI MINISTER FOR IRRIGATION AND POWER (1963-73) FOR ASSISTANCE IN ASCERTAINING WHETHER POWER PHYSICS CORPORATION, 542 INDUSTRIAL WAY WEST, EATONTOWN, NEW JERSEY, IS SERIOUS IN CONSUMMATING ITS PART OF THE AGREEMENT THAT IT ENTERED INTO WITH INTERNATIONAL POWER SEMICONDUCTOR PRIVATE LIMITED OF BOMBAY ON JULY 18, 1975. THE INDIAN COMPANY, CONTROLLED BY RAO'S SON, WAS INCORPORATED IN AUGUST 1974 SPECIFICALLY FOR THE PURPOSE OF ESTABLISHING A JOINTLY-OWNED MANUFACTURING FACILITY WITHIN THE SANTA CRUZ ELECTRONICS EXPORT PROMOTION ZONE, BOMBAY, FOR THE PRODUCTION OF SILICON HOMOGENOUS BASE MESA POWER TRANSISTORS AND BRIDGE RECTIFIERS. ACCORDING TO RAO, EDWARD W.MALONEY, PRESIDENT OF THE US COMPANY, HAS FAILED TO PROVIDE ANY OF THE SERVICES THAT IT HAD CONTRACTUALLY AGREED TO PERFORM.AMONG THESE, IS THE FAILURE OF POWER PHYSICS TO SUBSCRIBE TO AT LEAST 40 PERCENTOF THE INDIAN COMPANY'S EQUITY SHARES IN DOLLARS; TO TRANSMIT TECHNICAL KNOW-HOW AND PROCESSES; AND TO REGULARLY SUPPLY A SPECIFIED QUANTITY OF SILICON DIFFUSED MESA ELEMENTS FOR PROCESSING BY INTERNATIONAL SEMICONDUCTORS IN INDIA.

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2. RAO HAS PROVIDED US WITH A COPY OF THE ARTICLES OF AGREEMENT EXECUTED BY MALONEY AND VIJAY RAO, MANAGING DIRECTOR OF THE INDIAN COMPANY, WHICH STIPULATES IN CONSIDERABLE DETAIL, THE TERMS, CONDITIONS, AND CONTRACTUAL OBLIGATIONS OF BOTH POWER PHYSICS CORPORATION AND THE INDIAN COMPANY. ACCORDING TO RAO, THE US COMPANY HAS FAILED TO RESPOND TO THE NUMEROUS COMMUNICATIONS SENT BY THE INDIAN FIRM WITHIN THE PAST EIGHT WEEKS URGING IT TO TAKE IMMEDIATE STEPS TO PERFORM ITS PART OF THE CONTRACT.

3. RAO HAS REQUESTED US TO USE OUR CHANNELS IN ASCERTAINING WHETHER POWER PHYSICS CORPORATION AND MALONEY INTEND TO COMPLY WITH THE AGREEMENT OR NOT. RAO CONTENDS THAT THE INDIAN COMPANY IS NO LONGER ABLE TO BEAR THE LARGE NON-OPERATIONAL OVERHEAD EXPENSES FOR ANY FURTHER PERIOD OF TIME AND IF THE US COMPANY DOES NOT FORTHWITH PROVIDE ITS SHARE OF THE EQUITY, THE MANUFACTURING PROCESSES AND TECHNOLOGY, AND THE RAW SILICON ELEMENTS FOR PROCESSING, INTERNATIONAL POWER SEMICONDUCTORS SHALL BE PUT TO IRREPRABLE FINANCIAL LOSS AND BUSINESS HARDSHIP.

4. ACTION REQUESTED: THE DEPARTMENT IS REQUESTED TO CONTACT MALONEY OR ANY OTHER SENIOR EXECUTIVE OF POWER PHYSICS CORPORATION TO ASCERTAIN THE REASONS FOR ITS CONTINUED SILENCE AND FAILURE TO COMPLY WITH THE BUSINESS COMMITMENT MADE TO INTERNATIONAL POWER SEMICONDUCTORS PRIVATE LIMITED. K.L. RAO WILL BE IN NEW YORK FOR ABOUT TEN DAYS FROM FEBRUARY 17 ON PRIVATE BUSINESS AND SHALL APPRECIATE ANY ASSISTANCE THAT THE DEPARTMENT AND THE COMMERCE REGIONAL OFFICES IN NEW YORK AND NEWARK CAN PROVIDE IN BRINGING ABOUT A MUTUALLY SATISFACTORY AND WORKABLE ARRANGEMENT WITH THE US COMPANY. SHOULD IT NOT BE POSSIBLE TO REACH ANY AGREEMENT WITH POWER PHYSICS CORPORATION, RAO WOULD BE INTERESTED IN RECEIVING THE DEPARTMENT'S ASSISTANCE IN INITIATING NEGOTIATIONS WITH OTHER POSSIBLE US PROSPECTS IN THE ELECTRONICS BUSINESS. RAO CAN BE REACHED IN CARE OF G.B. SUBBA RAO, UNITED NATIONS OFFICER, 147/53F GRAND CENTRAL PARKWAY, JAMAICA, NEW YORK 110017 (TELEPHONE 212-380-5408).SAXBE

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